

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-3011  
APRIL 7, 1993

**R E S O L U T I O N**

RESOLUTION G-3011. SAN DIEGO GAS AND ELECTRIC COMPANY REQUEST TO ADD SIX NEW SPECIAL CONDITIONS TO SCHEDULE GTCG TO IMPLEMENT A PROGRAM TO VERIFY THE EFFICIENCY OF COGENERATORS

BY ADVICE LETTER 756-G, FILED ON JUNE 3, 1991.

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**SUMMARY**

1. San Diego Gas and Electric Company (SDG&E) requests authority to add new language to its gas tariffs including six special conditions that would apply to customers of schedule GTCG, Natural Gas Transmission Service for Cogeneration Customers. Customers on this tariff include certain solar generation station projects.
2. This resolution grants the request in part and denies part of it.

**BACKGROUND**

1. Public Utilities Code Section 532 requires utilities to enforce their tariffs. In 1989 and 1991, in Applications 89-05-006 and 89-04-021, the annual cost allocation proceedings (ACAP), San Diego Gas and Electric Company and Southern California Gas Company (SoCalGas) raised the issue of monitoring the efficiency of cogenerators and other small power producers who are served under the Utility Electric Generation (UEG) gas schedules established under Public Utilities Code Sections 218.5, 454.4, 454.6, and related provisions, regulations, orders, or resolutions.
2. In phase II of the above ACAP proceedings, SDG&E was allowed to seek a settlement with parties that objected to its implementing a monitoring program.
3. On July 13, 1990, SDG&E filed a Motion for Approval of Proposed Stipulation and Settlement Agreement (Settlement) in the matter of monitoring the efficiency of a cogenerator. Commission Decision (D.) 90-12-019 stated it would accept a modified form of the proposed agreement. The Commission said that SDG&E had the responsibility to carry out its contracts and enforce its tariffs, and that this includes bearing the costs of meters and

other instrumentation necessary to establish continued eligibility for service under the UEG tariffs or to ensure contract compliance.

4. Decision 91-05-007 authorized SDG&E, Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (Edison) to implement programs for monitoring the efficiency of power producers. That decision did not, however, order these utilities to file tariff revisions. The Commission explicitly declined to approve as reasonable the details of the utilities' applications for monitoring programs. The Commission simply wanted the utilities to implement efficiency monitoring programs reasonably.

5. On June 3, 1991, SDG&E filed Advice Letter (AL) 756-G to amend its gas tariffs to include six conditions to be met under its tariff compliance monitoring program. SDG&E refers to its interpretation of D.90-12-019 and its understanding of the discussions it held with the Commission staff as the basis for filing these revisions. Also, SDG&E contends that since the reference to the standard for cogenerators (Section 218.5) was inadvertently deleted by Advice Letter 734-G, Advice Letter 756-G seeks to re-insert this reference.

**NOTICE:**

1. Public notice of this filing has been made by publication in the Commission's calendar on June 6, 1992, and by mailing copies of the filing to adjacent utilities, government entities and other interested parties.

**PROTESTS**

1. The California Cogeneration Council (CCC) submitted a timely protest on June 24, 1991.

2. CCC protest position is based on two points: First, CCC contends that SDG&E does not have adequate authority to establish the Cogeneration monitoring program by an advice letter because any contested issues of Commission proceedings should be resolved in a hearing. According to CCC, SDG&E is trying to circumvent the procedural requirements and deprive other interested parties to A. 89-04-021 of their right to be heard on contested issues. Second, CCC contends that AL 756-G incorrectly assigns the cost of enforcing the utility tariffs to qualifying facilities. Specifically, CCC contends, Special Condition 24 proposed in AL 756-G contradicts Commission policy regarding the cost of tariff enforcement.

3. On July 5, 1991, SDG&E replied to the protest. First, SDG&E states that it has "...followed the established procedural basis of filing an advice letter to establish tariff provisions in accordance with Commission decisions" and that D. 90-12-019 "...compels a program to enforce tariff compliance."

Second, because the Commission in Decision 90-12-019 stated that it is the responsibility of the customer to show its eligibility, the customer should also be responsible for installing any additional metering or instrumentation in addition to those usually installed by the utility, that may be necessary to obtain efficiency data for SDG&E.

### DISCUSSION

1. Below, CACD staff has summarized the six special conditions requested in AL 756-G:

- a. Special condition 20 list the information that the customer must provide SDG&E in order for SDG&E to determine whether the Cogenerator is operating efficiently. SDG&E also request the authority to exempt customers at its discretion.
- b. Special Condition 21 Customers that do not have instrumentation capable of allowing integrated measurements over 15 minute intervals may submit data from periodic tests if the Utility approves of the testing procedure in advance.
- c. Special Condition 22: Customers who fail or refuse to demonstrate eligibility for this schedule will be immediately removed from the schedule and subject to back-billing.
- d. Special Condition 23: Requalification for this schedule is possible if the customer supplies data demonstrating eligibility or the customer modifies his/her equipment in a manner that is expected to lead to a demonstration of eligibility.
- e. Special Condition 24: Any additional equipment (meters) or facilities that is needed to enable the cogenerator to demonstrate eligibility will be installed, owned, operated, and maintained at the customer's expense. Absence of this equipment or facilities will not relieve the Customer of his/her obligation to provide operational data to the utility. Also, the Utility must explicitly approve any work or the installation of any equipment before that work or installation is done.
- f. Special Condition 25: SDG&E will treat all operational data received in a confidential manner, similar to the treatment of other customer-specific data.

2. The Commission Advisory and Compliance Division believes that it was not improper procedure for SDG&E to file AL 756-G, although neither D. 90-12-019 or D. 91-05-007 expressly ordered SDG&E to file tariff revisions to implement the monitoring program.

3. SDG&E's contention that the standard for cogenerators (Section 218.5) was inadvertently changed by Advice Letter 734-G is not supported.

4. In its June 3, 1991 transmittal letter accompanying Advice Letter 756-G, SDG&E requests that the provision applying to "transmission only natural gas service" be changed to apply to "all cogeneration facilities which meet the standards specified in Section 218.5 (a) and (b) of the California Public Utilities Code." This request is reasonable.

5. SDG&E must enforce its tariffs. This means it must bear the costs associated with metering it now considers prudent under directives of D.91-05-007. SDG&E should exercise reasonable discretion in determining what additional meters are necessary for enforcement of this tariff.

- a. Decision 90-12-019 states that "Cogenerators must make available to the utilities operational information if they seek discounted gas rates. They need not, however, take on responsibilities which by law belong to the utilities." (p.10 mimeo) and that that "We would not require unwilling customers to install their own metering equipment to relieve a utility from tariff enforcement efforts without a clear showing of the need for such a requirement and the costs and benefits associated with it." (Id.) Metering equipment to which reference is made include, among other things, Btu meters. The Advice Letter makes no showing in this connection.
- b. SDG&E is not precluded, however, from negotiating in contracts with new customers who intend to use this tariff for provisions that explicitly assign metering costs, so long as they are consistent with other tariffs, rules or decisions of this Commission.

6. SDG&E is required to implement and execute the QF monitoring program established in D.91-05-007, as modified by D. 91-08-036 dated August 7, 1991, in a reasonable manner.

7. Cogenerators under Public Utilities Code Section 218.5 (a), 218.5 (b), 454.6 and solar projects under Section 454.6, are obligated to establish to the utility's satisfaction that they are eligible for the UEG rates described in this tariff.

8. The proposed Special Condition 20, second paragraph, describes only that SDG&E intends to exercise its discretion in applying this condition. SDG&E should be flexible in managing the QF efficiency monitoring program. The Commission has declined earlier requests to approve as reasonable aspects of this program. The Commission expects SDG&E to exercise its discretion in enforcing and applying all tariffs, their conditions and applicability. The second paragraph of Special Condition 20 is superfluous and may convey an incorrect impression that this is

the only condition where discretion in applying the tariff is called for. SDG&E should continue to articulate and communicate its entire QF efficiency monitoring program to the industry, and avoid selective incorporation of the minutiae.

9. Decision 91-05-007 requires utilities to treat certain cogenerator's operating information, collected for monitoring purposes, as confidential information under Public Utilities Code Section 583. D. 91-05-007 additionally requires strict control of access to and use of this type of confidential information. It is reasonable for this extended protection to be afforded to customer information provided to SDG&E under this tariff.

10. The proposed Special Conditions 21 and 23 are unnecessary. SDG&E has discretion to reasonably implement D. 91-05-007 and enforce its contracts and tariffs.

#### FINDINGS

1. The Commission did not order utilities to file tariffs to implement programs that would monitor the efficiency of the cogenerators. In Decisions 90-12-019 and 91-05-007, the Commission emphasized that the utilities should exercise reasonable discretion when monitoring the efficiency of the qualifying facilities.

2. Proposed Special Conditions 20, 21, and 23 seek to incorporate procedures that are within the utilities discretion and flexibility.

3. SDG&E has the necessary discretion and authority to monitor a cogenerator's efficiency. Decisions 90-12-019 and 91-05-007 provide the utility with the discretion and authority. Additional tariff language incorporating its discretion is not necessary.

4. Tariff language pertaining to the handling of a cogenerator's operational data is useful and necessary.

5. Appendix A contains the parts of the tariff language approved by this Resolution. Requested language and Special Conditions by AL 756-G not contained in Appendix A has been rejected.

THEREFORE, IT IS ORDERED that:

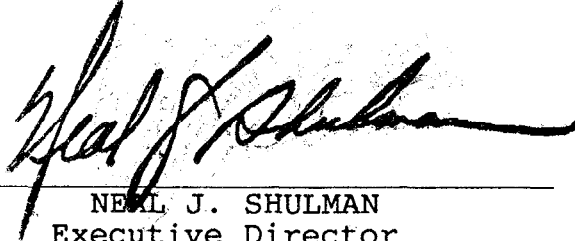
1. San Diego Gas and Electric Company shall file replacement tariff sheets with modifications as specified in Appendix A.

2. The supplemental tariff sheets shall be marked to show that they were approved by Resolution G-3011.

3. This Resolution is effective today.

April 7, 1993

I hereby certify that Resolution G-3011 was adopted by the Public Utilities Commission at its regular meeting on April 7, 1993. The following Commissioners approved it:



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NEAL J. SHULMAN  
Executive Director

DANIEL Wm. FESSLER  
PRESIDENT  
PATRICIA M. ECKERT  
NORMAN D. SHUMWAY  
P. GREGORY CONLON  
Commissioners

APPENDIX A

SCHEDULE GTCG

NATURAL GAS TRANSMISSION SERVICE FOR COGENERATION CUSTOMERS

APPLICABILITY

"Applicable to all cogenerating facilities receiving transmission (T) service which meet the standards specified in the California Public Utilities Code Section 218.5 (a) and (b)." Also applicable to all (T) customers classified as GCG customers, prior to May 1, 1988. Also applicable to solar electric generation projects as defined in Special Condition 18. Customers who qualify for service under this schedule and elect to purchase natural gas from the utility must also receive service in conjunction with an applicable utility procurement schedule.

SPECIAL CONDITIONS (Continued)

20. Demonstration of Eligibility. Customers must demonstrate to the utility's satisfaction that their operations comply with the requirements specified in the Applicability Section of the schedule. To accomplish this, customers must make available to the utility the following operational information:
  - a. useful annual power output, (e.g. kilowatt hours produced, net of powerhouse use, and/or useful work). Customer can/may utilize utility meters and associated measuring facilities installed under Special Condition 13, necessary to provide the information required hereunder;
  - b. useful thermal energy output;
  - c. total annual energy output; and
  - d. any natural gas and oil energy input (based on lower heating value).
  
21. Variations in Reporting. Customers that do not have instrumentation capable of allowing integrated measurements over 15 minute intervals may, at the utility's discretion, submit data from periodic tests conducted by the customer at times and in a manner approved in advance by the utility. Customers without integrated meter data, measured over 15 minute intervals, must nevertheless demonstrate to the utility's satisfaction eligibility for the schedule.

22. Consequences of Failing to Demonstrate Eligibility. Customers who fail or refuse to demonstrate to the utility's satisfaction, eligibility for this schedule, will be removed promptly from this schedule and placed on the otherwise applicable schedule. In accordance with normal procedures, customers may be subject to back-billing to the last period in which they have demonstrated, or can demonstrate, to the utility's satisfaction, eligibility for this schedule.
23. (Intentionally Blank)
24. (Intentionally Blank)
25. Confidentiality of Customer's Operational Data. Data gathered by the utility in administering this schedule shall be treated as confidential by the utility.